

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

**Notice LP-1862**

**For:** State and County Offices

**Additional Peanut Marketing Assistance  
Loan and LDP Program Provisions for Crop Year 2002**

**Approved by:** Acting Deputy Administrator, Farm Programs



**1 Overview**

**A**

**Background**

Notice LP-1857 provided policies and procedures for the 2002 through 2007 crop years marketing assistance loan and LDP program for peanuts.

Additional program policies and guidance to State and County Offices are necessary to ensure proper implementation of the peanut marketing assistance loan and LDP program.

**B**

**Purpose**

This notice:

- clarifies existing policies that were included in Notice LP-1857
- provides additional policies and procedures for implementing the 2002 through 2007 crop years peanut marketing assistance loan and LDP program
- informs State and County Offices of specific information relating to Segregation 2 and 3 peanuts
- authorizes County Offices to use the storage start date on the warehouse receipt as the “date documentation is received” for peanuts.

**Disposal Date**

October 1, 2003

**Distribution**

State Offices; State Offices relay to County Offices

## 2 Peanut Program Policy Clarifications

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### A

#### **Required Loan and LDP Documentation**

County Offices **cannot** process peanut loans and LDP's until all required documentation is received in the County Offices. Producers must provide the following required documentation:

- for farm-stored certified loans:
  - a signed CCC-666, and CCC-677
  - UCC-10
  - signed lien waivers, if applicable
- for farm-stored measured loans:
  - a signed CCC-666, FSA-409, CCC-667-1, and CCC-677
  - signed lien waiver(s), if applicable
  - UCC-10

**Note:** For farm-stored and warehouse-stored loans that will **not** be redeemed immediately with a commodity certificate, County Offices must perform a lien search according to provisions in 8-LP, paragraph 403. UCC-1's must be filed before farm-stored loans can be disbursed.

- for warehouse-stored loans:
  - an acceptable warehouse receipt as determined by CCC
  - a signed CCC-678
  - signed lien waivers, if applicable.

Warehouse-stored marketing assistance loans **cannot** be processed or disbursed until the County Office receives an acceptable warehouse receipt.

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## 2 Peanut Program Policy Clarifications (Continued)

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### B

#### Beneficial Interest Rules

Peanuts delivered to a buying point to be marketed are considered to have **lost** beneficial interest at the time of delivery. Producers who deliver their peanuts to a buying point to be graded and inspected and elect to place the commodity in approved storage, for future marketing, retain beneficial interest in the commodity.

The Farm Security and Rural Investment Act of 2002 (the Act), Section 1307(e) provides that the Secretary make producers who lost beneficial interest in 2002 crop peanuts, before submitting an LDP request, eligible to receive LDP. This provision is applicable to the 2002 crop year **only**.

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### C

#### Warehouse Storage

CCC will pay storage charges accrued from the date all documents required from the producer for the peanut warehouse-stored loan are provided to the County Office through the date of the repayment or forfeiture.

For warehouse-stored loans **only**, the storage credit will be calculated based on the date required documentation is provided to the County Office through the date of the loan repayment or forfeiture.

For peanuts delivered for storage to an approved warehouse before the approved warehouse can issue an approved warehouse receipt, County Offices will use the "Storage Start Date" on the warehouse receipt as the "Date Documents Received" in the County Office.

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## Notice LP-1862

### 2 Peanut Program Policy Clarifications (Continued)

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#### D

##### Eligible Farm Storage

Peanuts stored in approved farm-storage structures are eligible for farm-stored loans. Eligible farm storage structures must:

- be located on or off the farm, excluding public warehouses
- provide safe storage for the peanuts through the loan maturity date
- must be measurable.

Peanuts can be stored in bags if all of the conditions provided in 8-LP, paragraph 424 are met for storing commodities in bags. Peanut wagons **are** considered eligible storage structures for farm-stored loans.

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#### E

##### CCC Warehouses

DACO has:

- issued **temporary** warehouse codes to several peanut warehouses

**Note:** Peanuts stored in these warehouses **are** eligible for loan.

- provided information to peanut warehouses about the issuance of warehouse receipts.

Marketing assistance warehouse-stored loans **cannot** be issued until the producer provides the County Office with the warehouse receipt.

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### 3 Additional Policies and Procedures

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#### A

##### Using Forms FSA-1002, FSA-1003, and FSA-1007 for Crop Year 2002

In past years, FSA-1002, FSA-1003, and FSA-1007 were necessary to implement the Peanut Marketing Quota Program. The information obtained from the Smart Card and the applicable forms assisted in collecting necessary data. Because the Peanut Quota Program is no longer authorized by legislation, the accumulation of this data is not needed. Beginning with the 2002 crop year, the use of the FSA-1002, Smart Marketing Card, is discontinued.

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### 3 Additional Policies and Procedures (Continued)

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#### A

##### **Using Forms FSA-1002, FSA-1003, and FSA-1007 for Crop Year 2002 (Continued)**

FSA has assisted AMS and Buying Points with the ordering of producer ID cards, FSA-1003, in the past. This card is used by Buying Points and Federal-State Inspection Service to assist with the proper identification of a load of peanuts upon delivery for grading. The proper identification remains an important issue to all in the industry, including FSA, and we will continue to use these cards for the 2002 crop year. Reference Notice PN-657 for ordering producer ID cards.

FSA-1007 has been recognized as an important method of accumulating data that is used for many different purposes. FSA-1007 will continue to be used for the 2002 crop year. Efforts are planned to revise or incorporate this information into a more efficient process for future years.

**Note:** FSA-1007 is **not** a warehouse receipt and will **not** be acceptable evidence for obtaining a warehouse-stored loan. FSA-1007 will be considered acceptable production evidence for LDP's or loans that are randomly selected for spot-check.

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#### B

##### **Warehouse Stored Loan Charges**

The Act allows for CCC to pay for storage, handling, and associated costs to ensure proper storage of peanuts offered as CCC loan collateral for marketing assistance loans. The Warehousing and Inventory Division has been assisting warehouses with questions and concerns about the process for becoming CCC approved warehouses.

County Offices will be notified of the applicable offer shipping rates, monthly storage charges, and any additional costs such as associated costs. These rates will be entered in a County Maintained Table File in APSS, and APSS software will be modified to include a County Maintained Table File for peanut warehouses. Automation instructions for entering this information will be provided in a future PS notice.

FSA will pay "in-charges" associated with warehouse-stored loans, and these "in-charges" will be paid directly to the warehouse on a monthly basis. In-charge cost will be calculated as "in-charges" rate **times** total number of tons. APSS will be enhanced to include software for issuing "in-charges" payments to warehouses.

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## Notice LP-1862

### 3 Additional Policies and Procedures (Continued)

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#### B

##### **Warehouse Stored Loan Charges (Continued)**

Storage charges that accrue during the loan period will be given to the producer in the form of a credit at the time of repayment. The storage credit will be based on the "Date Documents Received" in the County Office through the date of repayment or forfeiture.

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#### C

##### **Determining Eligible Quantity and Producer Shares**

Producers are responsible for reporting actual shares associated with the applicable farm production. County Offices will determine maximum eligible quantities for loan and LDP according to 8-LP, paragraph 132.

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#### D

##### **2002 Crop Year Premiums and Discounts**

Warehouse-stored loans will be adjusted for premiums and discounts. The 2002 crop premiums and discounts will be provided in a future notice.

**Note:** 2-LP Peanuts will be amended to include premiums and discounts.

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#### E

##### **National Posted Price for Peanuts**

Notice LP-1857 did **not** include information about the National Posted Price (NPP) for peanuts.

NPP for peanuts:

- was first announced by CCC for 2002 crop year peanuts on August 28, 2002
- will be announced by CCC every Tuesday at 3:00 p.m., Eastern Time
- will remain in effect until midnight the following Tuesday.

Producers will repay outstanding peanut marketing assistance loans at a rate that is the lesser of principal **plus** interest, or NPP. When NPP for peanuts is less than the national loan rate, producers can request LDP instead of a loan.

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#### 4 Segregation 2 and 3 Peanuts

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##### A

##### **Segregation 2 and 3 Peanut Loans**

Segregation 2 and 3 peanuts are eligible for a marketing assistance loan at **35 percent** of the loan rate. Segregation 2 and 3 peanuts are eligible for LDP's. A future notice will address the handling and storing of the segregation 2 and 3 peanuts.

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##### B

##### **Segregation Peanuts Grade Determinations**

Federal-State Inspection Service will grade and determine the applicable segregation for all loan peanuts before marketing as required by the Act.

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